

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “Security Agreement”) is made and entered into as of _____, 2002, by **ILLINOIS CONSOLIDATED TELEPHONE COMPANY**, an Illinois corporation (“Debtor”), having its place of business (or chief executive office if more than one place of business) located at _____, whose taxpayer identification number is **[PLEASE PROVIDE]** and whose state organizational number is **[PLEASE PROVIDE]**, in favor of **COBANK, ACB**, as Administrative Agent (“Secured Party”), whose mailing address is 5500 South Quebec Street, Greenwood Village, Colorado 80111, and whose taxpayer identification number is 84-1286705, for the benefit of itself and the Lenders as defined in that certain Credit Agreement, dated as of even date herewith, made among Consolidated Communications, Inc., Secured Party, as Administrative Agent and as a Lender, _____, as Co-Syndication Agent and as a Lender, _____, as Co-Syndication Agent and as a Lender, _____, as Documentation Agent and as a Lender, and other Lenders from time to time parties thereto (as the same may be amended, supplemented, modified, extended or restated from time to time, the “Credit Agreement”; capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement).

SECTION 1. Grant of Security Interest.

(A) Collateral. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment and performance of the “Guaranteed Obligations” as defined in that certain Continuing Guaranty, dated as of the date hereof, made by Debtor in favor of Secured Party, for the benefit of itself and Lenders (as the same may be amended, supplemented, modified, extended or restated from time to time, the “Guaranty”), Debtor hereby grants to Secured Party, for the benefit of Secured Party and the other Lenders, a continuing security interest in all of Debtor’s estate, right, title and interest in and to the following property, wherever located and whether now existing or hereafter arising or acquired:

- (i) accounts, receivables and accounts receivable (including, without limitation, all right to payment for the provision of communications services and related equipment sales and leasing or any other services or goods and health-care-insurance receivables), whether or not earned by performance, and all guaranties and security and instruments therefor, and all goods and rights represented thereby or arising therefrom, including the rights of stoppage in transit, replevin and reclamation; (ii) goods, inventory and supplies (including, without limitation, returned or repossessed goods); (iii) chattel paper (including, without limitation, electronic chattel paper); (iv) instruments (including, without limitation, promissory notes); (v) investment property (including, without limitation, certificated and uncertificated securities, security accounts, securities entitlements, margin accounts, commodity contracts and commodity accounts) letters of

credit and letter-of-credit rights (in either case, whether or not the letter of credit is evidenced by a writing); (vi) documents; (vii) fixtures; (viii) general intangibles (including, without limitation, payment intangibles, contracts and contract rights (including, without limitation, construction contracts, subscriber contracts, customer lists and marketing lists, customer service agreements, subscription agreements, franchise agreements, management agreements, rights-of-ways, easements, pole and antennae attachment agreements, transmission capacity agreements, tower attachment leases and public utility contracts), leases of personal property, choses or things in action, litigation rights and resulting judgments, goodwill, patents, trademarks, service marks, websites, domain names and other intellectual property, tax refunds, miscellaneous rights to payment, entitlements and investments, software and computer programs, invoices, books, records and other information relating to or arising out of Debtor's business, and, to the extent permitted by Applicable Law, all licenses and permits issued by any federal or state governmental body or regulatory authority, including, without limitation, any license issued by the FCC or any PUC); (ix) equipment (including, without limitation, telecommunications and radio transmitting and receiving equipment, antennae, towers, microwave communication equipment, machinery, computers, parts, tools, implements, poles, posts, cross-arms, conduits, ducts, lines (whether underground or overhead or otherwise), wires, cables, exchanges, CODECs, switches (including, without limitation, host switches and remote switches), testboards, amplifiers, racks, frames, motors, generators, batteries, items of central office equipment, pay-stations, protectors, subscriber equipment, instruments, connections and appliances used, useful or acquired for use in the business of Debtor or the operation of Debtor's properties); (x) supporting obligations; (xi) commercial tort claims; and, (xii) to the extent not covered by the above, all other personal property of Debtor of every type and description, including, without limitation, interests or claims in or under any policy of insurance, tort claims, deposit accounts, deposits, collection accounts, money, and judgments; together with all increases, substitutions, replacements, attachments, accessions and additions to any of the foregoing, and all products and proceeds of any of the foregoing, and rents, offspring, revenues and profits therefrom, including, without limitation, the proceeds of any insurance policies (whether or not Secured Party is the loss payee thereof) and under any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing (collectively, the "Collateral").

(B) Excluded Collateral. Notwithstanding anything herein to the contrary, but subject in all respects to the provisions contained in this Section 1(B), in no event shall the Collateral hereunder include, and Debtor shall not be deemed to have granted a security interest in (i) any of Debtor's rights or interests in any program, license (including, without limitation, any software license), contract or agreement to which Debtor is a party or any of its rights or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such program, license, contract or agreement or otherwise, result in a breach of the terms of, or constitute a default under, or cause a termination of, any license, contract or agreement to which Debtor is a party, or (ii) any FCC License or any PUC License, except at such times

and to the extent that a security interest in such FCC License or PUC License is permitted under Applicable Law, or (iii) any leasehold to the extent that such grant would, under the terms of the lease relating thereto, result in a breach of the terms of, or constitute a default under, or cause a termination of, such lease; provided, that, notwithstanding the foregoing provisions of this Section 1(B), (x) the foregoing grant of security interest shall extend to, and the Collateral hereunder shall include, any and all proceeds of any such program, license, contract or agreement, FCC License or PUC License or leasehold to the extent that the assignment or encumbering of such proceeds is not prohibited by Applicable Law, (y) immediately upon the ineffectiveness, lapse, waiver or termination of any such provision or restriction referred to in clauses (i) through (iii) of this Section 1(B), the Collateral hereunder shall include, and Debtor shall be deemed to have granted a security interest in, all such rights and interests in and to each and every program, license, contract, agreement, FCC License or PUC License or leasehold to which such provision or restriction pertained as if such provision or restriction had never been in effect and (z) the Collateral shall include, and Debtor shall be deemed to have granted a security interest in, any of Debtor's rights, interests, contracts, agreements and licenses (including FCC Licenses or PUC Licenses), any leasehold and any other rights and assets that would not constitute Collateral if the provisions of clauses (i) through (iii) of this Section 1(B) governed, if and to the extent that the issuer of or other party to such contract, agreement, license or lease has consented to such grant or to the extent that any such restriction on granting a security interest referred to in clauses (i) through (iii) of this Section 1(B) would be rendered ineffective pursuant to the UCC or any other Applicable Law (including any federal, state or foreign bankruptcy, insolvency or similar law). For avoidance of doubt, the parties confirm that any license or like agreement to which Debtor is a party permitting Debtor to locate antennas, transmitters or other broadcasting equipment on property owned by a third party does not constitute a real property leasehold interest for purposes of the immediately preceding sentence or for any other purpose.

Where applicable, and to the extent not otherwise defined herein, all terms used herein shall have the same meaning as set forth in the Uniform Commercial Code in effect in the State of Colorado, as amended from time to time (the "UCC").

Any of the foregoing terms which are defined in the UCC shall have the meaning provided in the UCC, as amended and in effect from time to time, as supplemented and expanded by the foregoing. For avoidance of doubt, it is expressly understood and agreed that, to the extent the UCC is revised subsequent to the date hereof such that the definition of any of the foregoing terms included in the description of Collateral is changed, the parties hereto desire that any property which is included in such changed definitions which would not otherwise be included in the foregoing grant on the date hereof be included in such grant immediately upon the effective date of such revision. Notwithstanding the immediately preceding sentence, the foregoing grant is intended to apply immediately on the date hereof to all Collateral to the fullest extent permitted by Applicable Law regardless of whether any particular item of Collateral is currently subject to the UCC.

The security interests are granted as security only and shall not subject Secured Party to, or transfer to Secured Party, or in any way affect or modify, any obligation or liability of Debtor with respect to any of the Collateral or any transaction in connection therewith. Debtor will perform and comply in all material respects with all of its obligations in respect of the Collateral, including, without limitation, accounts,

contracts, leases and other general intangibles, and the exercise by Secured Party of any of its rights hereunder shall not release Debtor from any of its duties or obligations. Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Security Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 2. Representations and Warranties. Debtor represents and warrants to Secured Party, for the benefit of Secured Party and the other Lenders, on the date hereof and on the date of each advance under the Credit Agreement, that the following statements are true, correct and complete:

(A) Title to Collateral. Except for any Permitted Encumbrances permitted by the Credit Agreement, Debtor has good and marketable title to the Collateral, free of all adverse claims, interests, liens or encumbrances. The security interest created under this Security Agreement constitutes a valid and, upon the filing of a financing statement under the UCC, perfected security interest in such portion of the Collateral as to which a security interest can be perfected by means of such filing and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.

(B) Validity of Security Agreement; Authority. This Security Agreement is the legally valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, subject only to limitations on enforceability imposed by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and (ii) general equitable principles. Debtor has the power and authority to execute, deliver, perform its obligations under, and to grant the security interest provided for, in this Security Agreement and the other Loan Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of, and grant of a security interest pursuant to, this Security Agreement and the other Loan Documents.

(C) Location of Debtor; Tax Identification and State Organizational Number. Debtor's place of business (chief executive office if more than one place of business) is located at the address shown above, and Debtor's tax identification number and state organizational number are as shown above. Debtor's state of incorporation is Illinois.

(D) Location of Collateral. All locations at which the Collateral is located are specified on Schedule A attached hereto and made a part hereof.

(E) Name, Identity, and Structure. During the past five (5) years, Debtor's business has not been conducted under any name other than Debtor's name as set forth above, nor has it changed its structure or organization or state of organization through incorporation, merger, consolidation, joint venture or otherwise or purchased all or substantially all of the assets of any person or entity.

(F) Insurance. The Collateral currently is insured consistent with the requirements of the Credit Agreement.

(G) Taxes, Levies, Etc. Debtor has paid and shall continue to pay when due all federal, state, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable, except where the payment of such tax is being contested in good faith and by appropriate proceedings and adequate reserves in compliance with GAAP have been set aside on Debtor's books therefor.

(H) Condition of Collateral. All Collateral and each and every part and parcel thereof necessary to or useful in the proper conduct of Debtor's business is in good repair, working order and condition, ordinary wear and tear excepted.

SECTION 3. Covenants. Debtor will comply with all covenants in this Section 3, so long as the Credit Agreement is in effect and until indefeasible payment in full of all Obligations, unless Debtor has received the written consent of Requisite Lenders:

(A) Title to Collateral. Debtor shall not create or permit the existence of claims, interests, liens, or other encumbrances against any of the Collateral, except as permitted by the Credit Agreement. Debtor shall provide prompt written notice to Secured Party of any future claims, interests, liens or encumbrances against any of the Collateral, and shall defend diligently Debtor's and Secured Party's interests (including the priority of such interests) in all Collateral.

(B) Change in Location, Name, Etc. Debtor agrees not to (i) change the location of its place of business or chief executive office; (ii) keep or hold any Collateral or any records related thereto at any location other than the locations described on Schedule A; or (iii) change its name, identity, taxpayer identification number or state organizational number, unless it shall have given Secured Party thirty (30) days' prior written notice of its intention to take any action described in clauses (i) through (iii), and executed and delivered to Secured Party all financing statements, financing statement amendments and other instruments, which Secured Party may request in connection therewith and, if requested by Secured Party, prior to the date on which Debtor proposes to take any such action, Debtor will, at its own cost and expense, cause to be delivered to Secured Party an opinion of counsel, in form and content satisfactory to Secured Party, as to the continued perfection and the effect of such action on the priority of the security interests created hereunder.

(C) Change in Structure. Debtor agrees not to change its corporate structure or state of organization in any manner except as permitted pursuant to the Credit Agreement and, if requested by Secured Party, prior to the date on which Debtor proposes to take any such action, Debtor will, at its own cost and expense, cause to be delivered to Secured Party an opinion of counsel, in form and content

satisfactory to Secured Party, as to the continued perfection and the effect of such action on the priority of the security interests created hereunder. Debtor shall give Secured Party thirty (30) days' prior written notice of its intention to take any action described in this Section 3(C).

(D) Further Assurances. Upon the request of Secured Party, Debtor shall do all acts and things as Secured Party may from time to time deem necessary or advisable to enable it to perfect, maintain and continue the perfection and priority of the security interest of Secured Party in the Collateral, or to facilitate the exercise by Secured Party of any rights or remedies granted to Secured Party hereunder or provided by law. Without limiting the foregoing, Debtor agrees to execute, in form and substance satisfactory to Secured Party, such financing statements, continuation statements, amendments thereto, supplemental agreements, assignments, notices of assignments, and other instruments and documents as Secured Party may from time to time request. In addition, in the event the Collateral or any part thereof consists of certificated or uncertificated securities, investment property, securities entitlements or securities accounts, instruments, documents, letter-of-credit rights, chattel paper collection or deposit accounts or money (whether or not proceeds of the Collateral), Debtor shall, upon the request of Secured Party, deliver possession and control (as defined in the UCC) thereof to Secured Party (or to a designee of Secured Party retained for that purpose), together with any appropriate endorsements or assignments or both or shall execute and deliver and cause the appropriate depository institutions or other entities holding securities accounts on behalf of Debtor to execute and deliver account control agreements for the benefit of Secured Party. Debtor shall, at any time and from time to time, take such steps as Secured Party may reasonably request for Secured Party to obtain an acknowledgment, in form and substance reasonably satisfactory to Secured Party, of any bailee having possession of any of the Collateral that such bailee holds such Collateral for Secured Party. Without limiting the generality of the foregoing, Debtor shall take such action as Secured Party may request from time to time to create and perfect a security interest in favor of Secured Party in any and all leases, rights of way, easements, franchises, licenses and permits relating to the location of cables and antennae and other transmission, receiving and other equipment on the property of third parties, including, without limitation, amending such leases, rights of way, easements, franchises, licenses and permits to allow the creation and perfection of such security interest and obtaining the consent of all third parties whose consents may be necessary to the creation and perfection of such security interest. Debtor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto (or similar documents required by the laws of any applicable jurisdiction), relative to all or any part of the Collateral without the signature of Debtor and with such information required by the UCC for the sufficiency or filing office acceptance of such statements and amendments. Debtor agrees that a carbon, photographic or other reproduction of this Security Agreement or of a financing statement signed by Debtor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession, but shall not be required to take any steps necessary to preserve rights against prior parties. All costs and expenses incurred by Secured Party to establish, perfect, maintain, determine the priority of, or release the security interest granted hereunder (including the cost of all filings, recordings, and taxes thereon and the fees and expenses of any designee of Secured Party) shall become part of the Guaranteed Obligations secured hereby and be paid by Debtor on demand.

(E) **Insurance.** Debtor shall maintain such insurance with such insurance companies, in such amounts, and covering such risks, as are at all times required pursuant to the Credit Agreement.

(F) **Disposition and Use of Collateral by Debtor.** Without the prior written consent of Secured Party, Debtor shall not at any time sell, transfer, lease, abandon or otherwise dispose of any Collateral other than in accordance with the provisions of the Credit Agreement; provided, however, that no dispositions shall be made if an Event of Default shall have occurred and be continuing hereunder or shall be caused by such disposal. Debtor shall not use any of the Collateral in any manner which violates any Applicable Law.

(G) **Receivables.** Debtor shall preserve, enforce, and collect all accounts, other rights to collection or receivables, chattel paper, instruments, documents and general intangibles, whether now owned or hereafter acquired or arising (the "Receivables"), in a diligent fashion and, if an Event of Default shall have occurred and be continuing hereunder, upon the request of Secured Party, Debtor shall execute an agreement in form and content satisfactory to Secured Party by which Debtor shall direct all account debtors and obligors on instruments to make payment to a lock box deposit account under the exclusive control of Secured Party.

(H) **Condition of Collateral.** Debtor shall at all times hereafter, at its own expense, maintain and preserve all Collateral necessary to, or useful in the proper conduct of, its business and each and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted and make all alterations, replacements and improvements thereto as may from time to time be necessary in order to ensure that its properties remain in good repair, working order and condition. At Secured Party's request, but, so long as no Event of Default shall have occurred and be continuing, not more than once a year, Debtor shall furnish to Secured Party a report on the condition of the Collateral prepared by a professional engineer satisfactory to Secured Party.

(I) **Condition of Books and Records.** Debtor shall maintain complete, accurate and up-to-date books, records, accounts, and other information relating to all Collateral in such form and in such detail as may be satisfactory to Secured Party, and shall allow Secured Party or its representatives to examine and copy such books, records, accounts and other information upon reasonable notice and during normal business hours, or at such other times as the parties may agree. Debtor shall furnish to Secured Party statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

(J) **Right of Inspection.** Upon reasonable notice and during normal business hours, or at such other times as the parties may agree, Debtor shall allow Secured Party or its representatives to examine any of Debtor's properties, books, records or locations and to discuss Debtor's affairs, finances and accounts with Debtor's officers, directors, employees and independent certified public accountants so that Secured Party or its representatives may confirm, inspect and appraise any of the Collateral.

(K) Intellectual Property. Debtor shall, within fifteen days after the end of each calendar quarter, provide written notice to Secured Party of all applications for patents and all applications for registration of trademarks, copyrights or websites and domain names, to the extent such applications exist, made during the preceding calendar quarter. Debtor shall file and prosecute diligently all applications for patents, trademarks or copyrights now or hereafter pending that would be necessary to the businesses of Debtor to which any such applications pertain, and to do all acts reasonably necessary to preserve and maintain all rights in such Collateral unless such Collateral is not material to Debtor's business, as reasonably determined by Debtor consistent with prudent and commercially reasonable business practices or where such failure to file would not, either individually or in the aggregate, have a Material Adverse Effect. Any and all costs and expenses incurred in connection with any such actions shall be borne by Debtor. Except in accordance with prudent and commercially reasonable business practices, Debtor shall neither abandon any right to file a patent, trademark or copyright application or any pending patent, trademark or copyright application or any patent, trademark or copyright, without the consent of Secured Party nor permit to lapse or become abandoned, settle or compromise any pending or future litigation or administrative proceeding with respect to any of the foregoing without the consent of Secured Party unless such abandonment would not, either individually or in the aggregate, have a Material Adverse Effect.

(L) Additional Filings with respect to Intellectual Property. Debtor has made and will continue to make all necessary filings and recordations from time to time and use appropriate statutory notice to protect its interests in the Collateral, including, without limitation, registration of its websites and domain names with the appropriate domain name registrars and the appropriate recordations of its interests in the patents and trademarks in the United States Patent and Trademark Office and in corresponding offices wherever it does business using such patents and trademarks throughout the world and its claims to copyrights in the United States Copyright Office, in each case including licenses and as otherwise requested from time to time by Secured Party, but in any event all in a manner consistent with prudent and commercially reasonable business practices, except where such failure to take any such actions with respect to any websites and domain names, patents, copyrights or trademarks would not, either individually or in the aggregate, have a Material Adverse Effect.

Debtor will, promptly following its becoming aware thereof, notify Secured Party of (i) any materially adverse determination in any proceeding in the United States Patent and Trademark Office or United States Copyright Office with respect to any patent, trademark or copyright material to Debtor's business to the extent such determination would have a Material Adverse Effect or to the extent that notice thereof would otherwise be required by the Credit Agreement; or (ii) any written claim received, the institution of any proceeding or any materially adverse determination in any federal, state, local or foreign court or administrative bodies regarding Debtor's claim of ownership in or right to use any patent, trademark, copyright or website and domain name, its right to register any of the foregoing Collateral, or its right to keep and maintain such registration in full force and effect, in each case to the extent that any such claim, proceeding or determination would have a Material Adverse Effect or to the extent that notice thereof would otherwise be required by the Credit Agreement.

(M) No Fixtures. It is the intention of the parties hereto that (except for Collateral located on real estate owned in fee simple by Debtor that has been mortgaged to Secured Party pursuant to a mortgage, deed of trust or other security instrument or Collateral located on real estate for which a leasehold mortgage, deed of trust or other security instrument has been given and the landlord with respect thereto has executed and delivered to Secured Party a landlord waiver and consent in favor of Secured Party in form and substance satisfactory to Secured Party) none of the Collateral shall become fixtures and Debtor will take all such reasonable action or actions as may be reasonably necessary to prevent any of the Collateral from becoming fixtures, which actions may include, without limitation, the use of Debtor's commercially reasonable efforts to obtain waivers of Liens, in form satisfactory to Secured Party, from each lessor of real property on which any of the Collateral is or is to be located to the extent requested by Secured Party.

(N) Negative Pledge. Debtor shall not grant a negative pledge upon any of its property, real and personal, in favor of any lender of Debtor.

(O) Commercial Tort Claims. If Debtor shall at any time acquire a commercial tort claim, as defined in the UCC, Debtor shall notify Secured Party within five (5) days of such acquisition in a writing signed by Debtor of the brief details thereof and grant to Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance reasonably satisfactory to Secured Party.

SECTION 4. Event of Default. (a) The breach of or failure to pay or perform any of the Guaranteed Obligations secured hereby in accordance with their respective terms, which breach or failure continues beyond any applicable cure period, (b) any representation or warranty made by Debtor in this Security Agreement is false or misleading in any material respect on or as of the date made or deemed made, (c) the breach of or failure to perform or observe any covenant or agreement contained in this Security Agreement or (d) the existence of any Event of Default under the Credit Agreement or any other Loan Document shall each constitute an "Event of Default" hereunder; provided that any breach of the terms of this Security Agreement which shall also constitute a breach of the Credit Agreement or any other Loan Document shall be subject to the same notice and cure right applicable to such breach under the Credit Agreement or any other Loan Document.

SECTION 5. Rights and Remedies. Upon the occurrence of any Event of Default hereunder, Secured Party may declare all Guaranteed Obligations to be immediately due and payable and proceed against Debtor directly for payment, and, to the extent permitted by Applicable Law, may exercise any and all rights and remedies of a secured party in the enforcement of its security interest under the UCC, this Security Agreement, or any other Applicable Law. Without limiting the foregoing:

(A) Disposition of Collateral. Secured Party may sell, lease, or otherwise dispose of all or any part of the Collateral, in its then condition or following any commercially reasonable preparation or

processing thereof, whether by public, judicial or private sale or at any brokers' board, in lots or in bulk, for cash, on credit or otherwise, with or without representations or warranties, and upon such other terms as may be acceptable to Secured Party, and Secured Party may purchase such Collateral at any public or judicial sale, or, if such Collateral is of a type that is customarily sold on a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale. To the extent permitted by Applicable Law, Debtor hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. At any time when advance notice of sale is required, Debtor agrees that ten (10) days' prior written notice shall be reasonable. In connection with the foregoing, Secured Party may:

(1) require Debtor to assemble the Collateral and all records pertaining thereto and make such Collateral and records available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties;

(2) enter the premises of Debtor or premises under Debtor's control and take possession of the Collateral;

(3) without charge by Debtor, use or occupy the premises of Debtor or premises under Debtor's control, including, without limitation, warehouse and other storage facilities;

(4) without charge by Debtor, use or sublicense the use of any patent, trademark, service mark, trade name or other intellectual property or technical process used by Debtor in connection with any of the Collateral (and such use or right of use shall inure to the benefit of all successors, assigns and transferees of Secured Party and their respective successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise);

(5) rely conclusively upon the advice or instructions of any one or more brokers or other experts selected by Secured Party to determine the method or manner of disposition of any of the Collateral and, in such event, any disposition of the Collateral by Secured Party in accordance with such advice or instructions shall be deemed to be commercially reasonable; and

(6) compromise and settle or sell, assign or transfer or ask, collect, receive or issue any and all claims possessed by Debtor which constitute a portion of the Collateral, all in the name of Debtor.

(B) Collection of Receivables. Secured Party may, but shall not be obligated to, take all actions reasonable or necessary to preserve, enforce or collect the Receivables, including, without limitation, the right to notify account debtors and obligors on instruments to make direct payment to Secured Party, to permit any extension, compromise or settlement of any of the Receivables for less than face value, or to sue on any Receivable, all without prior notice to Debtor.

(C) **Proceeds.** Secured Party may collect and apply all proceeds of the Collateral, and may endorse the name of Debtor in favor of Secured Party on any and all checks, drafts, money orders, notes, acceptances, or other instruments of the same or a different nature, constituting, evidencing, or relating to the Collateral which may come into the possession of Secured Party. Secured Party may receive and open all mail addressed to Debtor and remove therefrom any cash or non-cash items of payment constituting proceeds of the Collateral.

(D) **Insurance Adjustments.** Secured Party may adjust, settle, and cancel any and all insurance covering any Collateral, endorse the name of Debtor in favor of Secured Party for the benefit of itself and the other Lenders on any and all checks or drafts drawn by any insurer, whether representing payment for a loss or a return of unearned premium, and execute any and all proofs of claim and other documents or instruments of every kind required by any insurer in connection with any payment by such insurer.

(E) **Appointment of Receiver.** Secured Party shall have the right to the appointment of a receiver for the properties and assets of Debtor and Debtor hereby consents to such right and to such appointment and hereby waives any objection Debtor may have thereto and hereby waives the right to have a bond or other security posted by Secured Party or any other person in connection therewith.

(F) **Deposit Accounts.** Upon the occurrence and during the continuance of any Event of Default, such Event of Default not having previously been waived, remedied or cured, Secured Party shall have the right at any time or times to give any depository bank holding moneys or other assets of Debtor instructions as to the withdrawal, transfer or other disposition of any funds in any deposit accounts of Debtor subject thereto, without the consent of Debtor, and may apply all sums withdrawn from such deposit accounts to the payment of the Guaranteed Obligations in accordance with the terms of the Credit Agreement and, in addition, Secured Party may instruct such depository banks to terminate Debtor's withdrawal rights with respect to such deposit accounts. Debtor constitutes and appoints irrevocably Secured Party its true and lawful attorney, with full power of substitution, without limitation, upon the occurrence and during the continuance of an Event of Default (or other event which, in Secured Party's determination, adversely affects Secured Party's interest in the Collateral), to demand, collect, receive and sue for all amounts which may become due and payable under the deposit accounts, and to execute all withdrawal receipts or other orders for Debtor, in Secured Party's own name or in the name of Debtor or otherwise, which Secured Party deems necessary or appropriate to protect and preserve its right, title and interest in such deposit accounts.

The net proceeds of any disposition of the Collateral may be applied by Secured Party, after deducting its reasonable expenses incurred in such disposition, including, but not limited to, the reasonable attorneys' fees and legal expenses incurred by Secured Party, to the extent not prohibited by Applicable Law, to the payment in whole or in part of the Guaranteed Obligations in the manner provided in the Credit Agreement. The enumeration of the foregoing rights and remedies is not intended to be exhaustive, and the

exercise of any right or remedy or both shall not preclude the exercise of any other rights or remedies, all of which are cumulative and non-exclusive.

SECTION 6. FCC and State Regulatory Matters . Notwithstanding any other provision of this Security Agreement:

(A) Any foreclosure on, sale, transfer or other disposition of, or the exercise or relinquishment of any right to vote or consent with respect to, any of the Collateral by Secured Party shall, to the extent required, be in conformance with Sections 214 and 310(d) of the Communications Act of 1934, as amended, and the applicable rules and regulations thereunder, and, if and only to the extent required thereby, subject to the prior approval or notice to and non-opposition of the FCC or any PUC.

(B) If an Event of Default shall have occurred and be continuing, Debtor shall take any action which Secured Party may reasonably request in order to transfer or assign, or both, to Secured Party, or to such one or more third parties as Secured Party may designate, or to a combination of the foregoing, any FCC or PUC license, permit, certificate or other authorization held or utilized by Debtor, subject to the prior approval of the FCC or any PUC, if required. Secured Party is empowered, to the extent permitted by Applicable Law, to request the appointment of a receiver from any court of competent jurisdiction. Such receiver may be instructed by Secured Party to seek from the FCC or any PUC consent to an involuntary transfer of control of Debtor or assignment, or both, of each such FCC or PUC license, permit, certificate or other authorization for the purpose of seeking a bona fide purchaser to whom control of assets used in the provision of telecommunications or related services will ultimately be transferred or assigned. Debtor hereby agrees to authorize such an involuntary transfer of control or assignment, or both, upon the request of the receiver so appointed and, if Debtor shall refuse to authorize the transfer, its approval may be required by the court. Upon the occurrence and during the continuance of an Event of Default, Debtor shall further use its best efforts to assist in obtaining approval of the FCC or any PUC and any other state regulatory bodies, if required, for any action or transactions contemplated by this Security Agreement, including, without limitation, the preparation, execution and filing with the FCC or any PUC and any other state regulatory bodies of the assignor's or transferor's portion of any application or applications for consent to the assignment of any FCC or PUC license, permit, certificate or other authorization or right to use any FCC or PUC license, permit, certificate or other authorization or transfer of control necessary or appropriate under the rules and regulations of the FCC or PUC or any other state regulatory body for approval or non-opposition of the transfer or assignment of any portion of the Collateral, together with any FCC or PUC license, permit, certificate or other authorization.

(C) Secured Party hereby acknowledges that certain provisions of this Security Agreement and certain actions which may be taken by Secured Party or Lenders hereunder in the exercise of their respective rights under this Security Agreement may require the consent of a Governmental Authority,

including a PUC. Secured Party agrees that it will exercise its remedies hereunder only to the extent that the exercise of such remedies is not prohibited by Applicable Law.

(D) Debtor acknowledges that the assignment or transfer of any FCC or PUC license, permit, certificate or other authorization or right to use any FCC or PUC license, permit, certificate or other authorization (subject to the prior approval of the FCC or any PUC, if required) is integral to Secured Party's realization of the value of the Collateral, that there is no adequate remedy at law for failure by Debtor to comply with the provisions of this Section 6 and that such failure would not be adequately compensable in damages, and therefore agrees, without limiting the right of Secured Party to seek and obtain specific performance of other obligations of Debtor contained in this Security Agreement, that the agreements contained in this Section 6 may be specifically enforced.

SECTION 7. Other Provisions.

(A) **Amendment and Waiver.** Without the prior written consent of Secured Party, no amendment or waiver of, or consent to any departure by Debtor from, any provision hereunder shall be effective. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay or failure by Secured Party to exercise any remedy hereunder shall be deemed a waiver thereof or of any other remedy hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any remedy on any subsequent occasion.

(B) **Costs and Attorneys' Fees.** Except as prohibited by law, if at any time Secured Party employs counsel in connection with the creation, perfection, preservation, or release of the security interest of Secured Party in the Collateral or the enforcement of any of Secured Party's rights or remedies hereunder, all of Secured Party's reasonable attorneys' fees arising from such services and all other reasonable expenses, costs, or charges relating thereto shall become part of the Guaranteed Obligations secured hereby and be paid by Debtor on demand.

(C) **No Obligation to Make Loans.** Nothing contained herein or in any financing statement or other collateral document executed or filed in connection herewith shall be construed to obligate Secured Party or any other Lender to make any loan or advance to Debtor, whether pursuant to a commitment or otherwise.

(D) **Termination; Reinstatement.** This Security Agreement shall remain in full force and effect until (i) Lenders have no further commitment or obligation to make advances to be secured hereby with respect to the Guaranteed Obligations, (ii) all Guaranteed Obligations have been paid in full and (iii) Secured Party has executed and delivered a written statement of termination. To the extent Debtor or any third party makes a payment or payments to Secured Party or Secured Party receives any payment or proceeds of the Collateral for the Guaranteed Obligations, enforces its security interest or exercises any

right of set off, and such payment or payments or the proceeds thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid to a trustee, receiver, or any other party under any bankruptcy, insolvency or other law or in equity, or any combination of the foregoing, then, to the extent of such recovery, the Guaranteed Obligations or any part thereof originally intended to be satisfied shall be revived and continued in full force and effect, and this Security Agreement, if earlier terminated, shall be revived and continued in full force and effect, as if such payment or payments had not been made, or such enforcement or set off had not occurred.

(E) Performance by Secured Party. Upon the occurrence of an Event of Default hereunder, Secured Party may, at its option and without notice to or demand upon Debtor, without obligation and without waiving or diminishing any of its other rights or remedies hereunder, fully perform or discharge any of such duties. All costs and expenses incurred by Secured Party in connection therewith, together with interest thereon at the rate specified in Subsection 1.2(E) of the Credit Agreement, shall become part of the Guaranteed Obligations secured hereby and be paid by Debtor upon demand.

(F) Indemnification, Etc. Debtor hereby expressly indemnifies and holds Secured Party and Lenders harmless from any and all claims, causes of action, or other proceedings, and from any and all liability, loss, damage, and expense of every nature, arising by reason of Secured Party's enforcement of its rights and remedies hereunder, or by reason of Debtor's failure to comply with any environmental or other law or regulation, other than any such claim, cause of action or other proceeding, liability, loss, damage or expense arising by reason of gross negligence or willful misconduct on the part of Secured Party or Lender. In any suit, proceeding or action brought by Secured Party under any account for any sum owing thereunder, or to enforce any provisions of any account, Debtor will save, indemnify and keep Secured Party and Lenders harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or any other obligor thereunder, arising out of a breach by Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Debtor (except to the extent any such expense, loss or damage results from the gross negligence or willful misconduct of Secured Party or any Lender). The obligations of Debtor under this Section 7(F) shall survive the termination of the other provisions of this Security Agreement.

(G) Power of Attorney. Debtor hereby constitutes and appoints Secured Party or Secured Party's designee during the term of any Guaranteed Obligations secured by this Security Agreement as its attorney-in-fact, effective upon the occurrence of an Event of Default or in the event Secured Party deems such action necessary or advisable to protect its interest in the Collateral, which appointment is an irrevocable, durable agency, coupled with an interest, with full power of substitution. This power of attorney and mandate is for the purpose of taking, whether in the name of Debtor or in the name of Secured Party, any action which Debtor is obligated to perform hereunder or which Secured Party may deem necessary or advisable to accomplish the purposes of this Security Agreement (including, without limitation, the power to collect accounts and deposit accounts and otherwise direct the depository institutions with respect thereto, and to provide control notices and/or entitlement orders to institutions with respect to

securities accounts). The powers conferred upon Secured Party in this Section are solely to protect its interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall exercise its power of attorney only upon the occurrence and during the continuance of an Event of Default or in the event Secured Party deems such action necessary or advisable to protect its interest in the Collateral.

(H) Continuing Effect. This Security Agreement, the security interest of Secured Party, in the Collateral, and all other documents or instruments contemplated hereby shall continue in full force and effect until all of the Guaranteed Obligations have been satisfied in full and in cash, the Lenders have no further commitment or obligation to extend credit under the Credit Agreement, the Credit Agreement and the Notes have been terminated in accordance with their respective terms and any preference period applicable to payments made on or security given for the Guaranteed Obligations has expired under Applicable Law.

(I) Binding Effect. This Security Agreement shall be binding upon and inure to the benefit of Secured Party and its successors and assigns (including, without limitation, successor Administrative Agents as permitted by the Credit Agreement), and in the event of an assignment of all or any of the Guaranteed Obligations, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Security Agreement shall be binding upon and inure to the benefit of Debtor and its successor and assigns; provided, that Debtor may not assign any of its rights or obligations hereunder without the prior written consent of Secured Party.

(J) Security Agreement as Financing Statement. A photographic copy or other reproduction of this Security Agreement may be used as a financing statement.

(K) Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Colorado without reference to choice of law doctrine.

(L) Notices. All notices hereunder shall be delivered in accordance with the terms and conditions set forth in and to the address provided for the parties in Section 9(E) of the Guaranty.

(M) Severability. The determination that any term or provision of this Security Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other term or provision hereof.

(N) Entire Agreement. This Security Agreement, together with all documents referred to herein, constitute the entire agreement between Debtor and Secured Party with respect to the matters addressed herein.

(O) Changes in Applicable Law. The parties acknowledge their intent that, upon the occurrence and during the continuation of an Event of Default, Secured Party shall receive, to the fullest extent permitted by Applicable Law and government policy (including, without limitation, the rules, regulations and policies of the FCC or any PUC), all rights necessary or desirable to obtain, use or sell the Collateral and to exercise all remedies available to it under this Security Agreement, the UCC as in effect in any applicable jurisdiction or other Applicable Law. The parties further acknowledge and agree that, in the event of changes in the law or governmental law occurring subsequent to the date hereof that affect in any manner Secured Party's rights of access to, or use or sale of, the Collateral, or the procedures necessary to enable Secured Party to obtain such rights of access, use or sale, Secured Party and Debtor shall amend this Security Agreement in such manner as Secured Party shall reasonably request in order to provide Secured Party such rights to the greatest extent possible consistent with Applicable Law and governmental policy.

(P) Marshaling. Secured Party shall not be required to marshal any present or future security for (including but not limited to this Security Agreement and the Collateral subject to the security interest created hereby), or guarantees of, the Guaranteed Obligations or any of them, or to resort to such security or guarantees in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, Debtor hereby agrees that it will not invoke any law relating to the marshaling of collateral, and to the extent that it lawfully may do so Debtor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by Applicable Law, Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the sole custody thereof.

(Q) Authority of Secured Party. Debtor acknowledges that the rights and responsibilities of Secured Party under this Security Agreement with respect to any action taken by Secured Party or the exercise or non-exercise by Secured Party of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement as between Secured Party and the other Lenders, shall be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between Secured Party and Debtor, Secured Party shall be conclusively presumed to be acting as agent for the benefit of itself and the other Lenders with full and valid authority so to act or refrain from acting, and shall not be under any obligation or entitlement to make any inquiry respecting such authority.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Debtor has caused this Security Agreement to be executed and delivered, and Secured Party has caused this Security Agreement to be executed and delivered, each by their duly authorized officer(s) as of the date shown above.

COBANK, ACB, as Secured Party

By: _____
Theodore Koerner
Vice President

**ILLINOIS CONSOLIDATED TELEPHONE
COMPANY**

By: _____
Name: _____
Title: _____

SCHEDULE A

To Security Agreement

Executed by Illinois Consolidated Telephone Company

Set forth below are the current locations (by county and state) of Debtor's Collateral: